

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6315

BILL NUMBER: SB 129

NOTE PREPARED: Dec 13, 2014

BILL AMENDED:

SUBJECT: Eligibility for Child Care Voucher.

FIRST AUTHOR: Sen. Broden

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a child who is otherwise eligible for participation in the federal Child Care and Development Fund (CCDF) voucher program: (1) is eligible to participate in the program if the child's family income does not exceed 200% of the federal income poverty level; and (2) may continue to participate unless the child's family income exceeds 250% of the federal income poverty level. The bill also makes an appropriation.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Summary:* This bill expands CCDF eligibility and appropriates \$10 M in General Fund revenue for additional CCDF voucher payments. Assuming an annual budget of \$2.5 M, the Division of Family Resources (DFR) will use this amount to fund \$125,000 in administrative expenditures and the remaining \$2.375 M to fund voucher payments for 475 to 579 children.

Additional Information:

Administrative Costs: Federal law caps CCDF annual administrative costs at 5% of total program funding. The bill appropriates \$10 M to fund the voucher payments through FY 2019. Assuming the \$10 M is evenly distributed between FY 2016 and FY 2019, annual program funding would be approximately \$2.5 M per year, of which \$125,000 is assumed to be used for administrative expenses. The remaining \$2.375 M could be used to provide CCDF voucher payments annually.

Child Care Costs: This bill changes (1) the current maximum family income limit for continued participation in the CCDF program from 170% of the federal poverty level (FPL) to 250% of FPL and (2) the current maximum family income at the time of application from 127% of FPL to 200% of FPL.

The CCDF program currently has cost participation requirements for participating families. Families with incomes less than 100% of FPL do not have any cost participation requirements under the program. Families with incomes greater than 100% of FPL pay a percent of their child care costs depending on actual income level and years of program participation. The cost participation requirements in the first four years of program participation are included in the table below.

	Cost Participation			
FPL	Year 1	Year 2	Year 3	Year 4
<100%	0%	0%	0%	0%
101-109%	5%	6%	7%	8%
110-118%	6%	7%	8%	9%
119-140%	7%	8%	9%	10%
141-150%	8%	9%	10%	11%
151-160%	9%	10%	11%	12%
161-170%	10%	11%	12%	13%

The average annual cost of CCDF-funded child care for FFY 2014 was approximately \$5,000 (including parent cost participation). The CCDF program paid an average of 94.8% of the child care costs of CCDF-participating children, or approximately \$4,740 per child per year.

If the program's maximum family income is increased from 170% of FPL to 250% of FPL, the Division of Family Resources (DFR) would most likely need to revise its cost participation requirements to include those with incomes greater than 170% of FPL. Assuming approximately \$2.375 M would be available for voucher payments annually, this amount is estimated to be able to provide CCDF voucher payments to between 475 and 579 children annually.

The DFR reports between FY 2010 and FY 2014, an average of (1) 329 families were annually disqualified from CCDF participation for having incomes greater than 170% of FPL and (2) approximately 125 families were annually denied CCDF eligibility because family income exceeded 127% of FPL. Based on this data, it is assumed that beginning in FY 2016, 454 fewer families per year could be disqualified from or denied CCDF participation. The bill could also provide additional funding to provide services to some of the current 9,000 children who are currently on the CCDF waiting list.

Given that the annual appropriation is enough to provide CCDF funding to between an estimated 475 and 579 children annually, this bill could reduce the annual number of participating children who annually lose CCDF eligibility and a portion of the children who are on the CCDF waiting list.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DFR.

Local Agencies Affected:

Information Sources: Melanie Brizzi, DFR.

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